

voidability of certain intercompany transfers and the enforceability of certain Intercompany Claims, and (vi) whether the Estates of each of the Debtors should be treated separately for purposes of making payments to Holders of Claims

1. Proof of Claim Filed by the ATI Note Trustees The Plan incorporates a proposed compromise and settlement of all issues related to validity and priority of ATI Note Claims raised in the proofs of Claim filed by the ATI Note Trustees against each of the Debtors on January 12, 2004 with the Bankruptcy Court. Specifically, based on its review of the Credit Agreement, the ATI Note Indentures and applicable law, the ATI Note Trustees allege in the applicable proofs of Claim that (a) the Debtors may have granted certain liens and guaranties to the Senior Lenders under the Credit Agreement in violation of the affirmative negative pledge covenants contained in the ATI Note Indentures and, as a result, (b) the Holders of ATI Note Claims may be entitled to claims against all of the Debtors based on the guaranties and equal and ratable liens against all of the assets of the Debtors. Consequently, the ATI Note Trustees assert that the ATI Note Claims are secured claims. The Debtors and the Senior Lenders dispute the ATI Note Trustees' allegations.

If the Bankruptcy Court determined that the ATI Note Trustees' allegations were legally valid and, accordingly, that the ATI Note Claims constituted Allowed Secured Claims in the full amount of approximately \$676,050,190.97, as asserted in the proofs of claim filed by the ATI Note Trustees, then the ATI Note Claims would be treated pari passu with the Senior Lender Claims. In such event, the Holders of ATI Note Claims would receive significant distributions on account of such ATI Note Claims and the Holders of Allowed Unsecured Claims, based on the absolute priority rule, would receive no distribution. However, if the Bankruptcy Court determined that the allegations of the ATI Note Trustees are not legally cognizable, and, accordingly, the ATI Note Claims constituted Allowed Unsecured Claims, then the ATI Note Claims would be structurally subordinated to the Senior Note Claims and the ATCW Unsecured Claims. In such event, the Holders of ATI Note Claims, based on the absolute rule, would be entitled to distributions only after all claims against ATCW and the Subsidiaries were paid in full.

2. The Creditors Committee's Allegations In addition, in accordance with the terms of the Court's Amended Final Order Authorizing Use of Cash Collateral by Consent, dated June 26, 2003 (as subsequently further amended), the Creditors Committee and its advisors conducted an investigation of the validity, amount, perfection, priority, and enforceability of the Senior Lenders' liens, claims and security interests, and the Debtors' obligations arising under the Credit Agreement. As a result of this investigation, the Creditors Committee believes that (a) approximately \$26 million (as defined in the Plan, the "Unencumbered Cash"), held in a separate bank account of the Debtors is unencumbered (i.e., not subject to any liens or security interests of the Senior Lenders) and (b) the Estates have claims that could equitably subordinate the Senior Lender Claims pursuant to section 510(c) of the Bankruptcy Code.

The Debtors believe that the Unencumbered Cash is unencumbered, but do not take a position with respect to the Creditors Committee's submission that the Senior Lender Claims may be equitably subordinated. The Senior Lenders dispute the Creditors Committee's allegations.

3. Intercompany Claims The Plan also incorporates a proposed compromise and settlement of issues related to the Intercompany Claims of the Debtors. The determination of the true nature of the Intercompany Claims would require a highly complex analysis. The Debtors utilize a centralized cash management system. The books and records of the Debtors reflect a large amount of Intercompany Claims evidencing, among other things, advances from ATI to fund and build the Debtors' operations, upstream funds to ATI for the payment of indebtedness, the allocation of corporate overhead and the transfer of property from one Debtor to another. The Creditors Committee and its advisors conducted an investigation of the Debtors' intercompany books and records and centralized cash management system. Based on the Creditors Committee's investigation, it is unclear whether the transactions underlying the majority of such Intercompany Claims should be characterized as (a) capital contributions from ATI to ATCW or (b) loans to ATCW and the Subsidiaries. If the Bankruptcy Court determined that the transactions underlying the Intercompany Claims were capital contributions, such Intercompany Claims would be in the nature of Equity Interests, and, thus, ATI would receive only the residual value of the Debtors' assets while distributions to Holders of Claims against ATCW and the Subsidiaries would be made in full. However, if the Bankruptcy Court characterized the aforementioned transactions as loans and determined that the full amount of such Intercompany Claims constituted Allowed Claims, the distributions to ATI on account of its Claims would thwart the distributions

made to Holders of Allowed Claims against ATCW and the Subsidiaries. As a result, Holders of the ATCW Unsecured Claims would receive distributions of very insignificant value.

4. Compromise and Settlement The Debtors believe that any litigation related to the foregoing would be complex, expensive and time-consuming. The Debtors also believe that the questions raised by the Creditors Committee with respect to the Intercompany Claims may present significant intercreditor issues. Due to the complexity of these issues, the likelihood of any of the parties succeeding in all aspects of any litigation is uncertain and difficult to predict. The Debtors submit that unless the aforementioned disputes and controversies are resolved, the prospect of confirming a chapter 11 plan would be diminished, with the effect that protracted litigation would delay the Debtors' reorganization. Without the resolution of these disputes the Debtors cannot determine the amounts of recoveries to the Holders of Senior Lender Claims, ATI Unsecured Claims and ATCW Unsecured Claims. Therefore, the Debtors believe that the settlement of the claims and disputes discussed above, which has been negotiated between the parties, is necessary for the confirmation of the Plan and is in the best interests of the Debtors, their creditors and all parties in interest.

As a result of lengthy and arm's-length settlement discussions and negotiations, the Debtors, the Senior Lenders, the Creditors Committee and the ATI Note Trustees have agreed to consensually resolve the foregoing disputes. Section 1123(b)(3)(A) of the Bankruptcy Code and Bankruptcy Rule 9019 permit a plan to include a settlement or adjustment of any claim or interest belonging to a debtor or its estate. The terms of the Plan represent a fair and equitable compromise and settlement (the "Compromise and Settlement") with respect to the foregoing issues and disputes reached by the Debtors, the Senior Lenders, the Creditors Committee and the ATI Note Trustees. The Debtors, the Senior Lenders, the Creditors Committee and the ATI Note Trustees submit that the Compromise and Settlement embodied by the Plan falls well within the range of reasonableness for a settlement of these complicated issues, and will enable all creditor classes and the estates to avoid the significant costs of litigating highly complex and contentious issues.

Statements as to the rationale underlying the treatment of Claims under the Plan are not intended to, and shall not, waive, compromise or limit any rights, claims or causes of action in the event the Plan is not confirmed or becomes effective. The distributions contemplated by the Plan derive, in part, from the Compromise and Settlement without the necessity for a final judicial determination of the underlying issues and disputes. The Debtors cannot assure that an ultimate judicial determination of the compromised issues would not result in treatment which is more or less favorable to any particular creditor.

The proposed treatment for the various Classes of Claims and the Compromise and Settlement embodied in the Plan give due consideration to the strengths and weaknesses of potential litigation arguments made by each of the Debtors, the Creditors Committee, the Senior Lenders and the ATI Note Trustees, and with respect to such disputes, the distribution to any particular creditor is no better than the best possible judicial determination in favor of such creditor while being no less than the worst possible outcome if such disputes were resolved by judicial determination. Accordingly, the Debtors, the Creditors Committee, the Senior Lenders and the ATI Note Trustees believe that the Compromise and Settlement embodied in the Plan is within the range of likely results in the event each issue was pursued to judgment. The Debtors also believe that the Compromise and Settlement adequately addresses the probability of success in litigation, the complexity, expense and likely duration of litigation, and are fair and equitable to the Debtors, their creditors and other parties in interest and, thus, satisfies the requirements of Bankruptcy Rule 9019 and the standards enunciated in Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424 (1968).

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

The Plan classifies Claims and Equity Interests separately and provides different treatment for different Classes of Claims and Equity Interests in accordance with the Bankruptcy Code. As described more fully below, the Plan provides, separately for each Class, that Holders of certain Claims will receive various amounts and types of consideration, thereby giving effect to the different rights of Holders of Claims and Equity Interests in each Class. The Buyer and the Reorganized Subsidiaries shall not be liable for any Claims against or Equity Interests in the Debtors, except for Assumed Liabilities.

1. Administrative Expense Claims Administrative Expense Claims are Claims for costs and expenses of administration of the Debtors' Estates under section 503(b) or 1114(e)(2) of the Bankruptcy Code and are entitled to priority under section 507(b) of the Bankruptcy Code, including, but not limited to (a) any actual and necessary costs and expenses incurred after the Commencement Date of preserving the Debtors' Estates and operating the business of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises), (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under sections 330(a), 331 and 503(b) of the Bankruptcy Code or otherwise to the extent incurred prior to the Initial Effective Date, and (c) all fees and charges assessed against the Debtors' Estates under section 1930 of chapter 123 of title 28 United States Code.

Pursuant to the Plan, and subject to the provisions of sections 330(a) and 331 of the Bankruptcy Code, except to the extent that any Entity entitled to the payment of any Allowed Administrative Expense Claim agrees to a less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of (i) the Initial Effective Date, (ii) the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, (iii) as soon as practicable thereafter or (iv) on such other date as may be ordered by the Bankruptcy Court, provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors (including, but not limited to, real and personal property taxes and franchise fees) or liabilities arising under loans or advances to or other obligations incurred by the Debtors shall be paid in full and performed by the responsible Debtor, Reorganized Subsidiary or Reorganized STFI, as the case may be, in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions, provided, further, however, notwithstanding the foregoing the Buyer and the Reorganized Subsidiaries shall not be liable (x) for any of the foregoing liabilities to the extent such liabilities do not constitute Assumed Liabilities, (y) for more than 50% of all Transfer Taxes (as defined in the Purchase Agreement) in accordance with Section 6.10 of the Purchase Agreement and (z) any real or personal property Taxes (as defined in the Purchase Agreement) or similar ad valorem obligations other than those to be borne by Buyer in accordance with the proration provided under Section 6.12 of the Purchase Agreement. Except as provided under applicable non-bankruptcy law, post-petition interest will not be paid on Allowed Administrative Expense Claims. In addition, the Break-Up Fee (as defined in the Bid Procedures Order, if any, shall be paid by ATLT in full in cash on the Initial Effective Date or as soon thereafter as is practicable.

2. Priority Tax Claims Priority Tax Claims are Claims of a governmental unit of a kind specified in section 507(a)(8) of the Bankruptcy Code.

Pursuant to the Plan, on the Initial Effective Date or as soon thereafter as practicable, except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Initial Effective Date or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim shall receive, in full and complete settlement, satisfaction and discharge of its Allowed Priority Tax Claim, including post-petition interest, (a) Cash in an amount equal to such Allowed Priority Tax Claim on the later of the Initial Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon as practicable thereafter, or (b) equal annual Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at the Tax Rate, over a period through the sixth (6th) anniversary of the date of assessment of such Allowed Priority Tax Claim. Notwithstanding anything to the contrary contained herein, none of the Buyer nor any of the Reorganized Subsidiaries shall be liable for any Priority Tax Claims.

3. Professional Fee Claims Pursuant to the Plan, the Holders of Professional Fee Claims shall file their respective final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred through the Initial Effective Date by no later than the date that is forty-five (45) days after the Initial Effective Date, or such other date that may be fixed by the Bankruptcy Court. If granted by the Bankruptcy Court, such award shall be paid in full in such amounts as are Allowed by the Bankruptcy Court either (a) on the date such Professional Fee Claim becomes an Allowed Professional Fee Claim, or as soon as practicable thereafter, or (b) upon such other terms as may be mutually agreed upon between such Holder of an Allowed Professional Fee Claim and the Debtors. The Bankruptcy Court will review and determine all applications for compensation for services rendered and reimbursement of expenses. Notwithstanding anything to the contrary contained herein, none of the Buyer nor any of the Reorganized Subsidiaries shall be liable for any Professional Fee Claims.

No applications need to be filed with or considered by the Bankruptcy Court for compensation and reimbursement of expenses by professionals retained by Reorganized STFI and ATLT for services rendered or expenses incurred after the Initial Effective Date, and such compensation and reimbursement shall be paid by Reorganized STFI and ATLT in the ordinary course of business and without the need for Bankruptcy Court approval

Section 503(b) of the Bankruptcy Code provides for payment of compensation to creditors, indenture trustees and other Entities making a "substantial contribution" to a reorganization case and to attorneys for and other professional advisors to such Entities. The amounts, if any, which may be sought by Entities for such compensation are not known by the Debtors at this time. Requests for compensation must be approved by the Bankruptcy Court after a hearing on notice at which the Debtors and other parties in interest may participate and object to the allowance of any claims for compensation and reimbursement of expenses

4. Class 1 – Priority Non-Tax Claims Priority Non-Tax Claims are Claims that are accorded priority in right of payment under section 507(a) of the Bankruptcy Code (other than Allowed Administrative Expense Claims and Allowed Priority Tax Claims). Such Claims include Claims for (a) accrued employee compensation earned within 90 days prior to commencement of the Chapter 11 Cases to the extent of \$4,650 per employee and (b) contributions to employee benefit plans arising from services rendered within 180 days prior to the commencement of the Chapter 11 Cases, but only for each such plan to the extent of (i) the number of employees covered by such plan multiplied by \$4,650, less (ii) the aggregate amount paid to such employees from the estates for wages, salaries or commissions during the 90 days prior to the Commencement Date

Pursuant to the Plan, on the later of the Initial Effective Date or the date such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, or as soon thereafter as is practicable, each Holder of an Allowed Priority Non-Tax Claim shall be paid in Cash, in full satisfaction, settlement, release and discharge of, and in exchange for such Allowed Priority Non-Tax Claim, and thereby rendered Unimpaired, except to the extent that the Debtors, with the consent of the Creditors Committee which shall not be unreasonably withheld, and any Holder of such Allowed Priority Non-Tax Claim agree to a different treatment

5. Class 2 – Secured Claims. Class 2 consists of all Allowed Secured Claims, other than Claims in Class 3

Pursuant to the Plan, on the later of the Initial Effective Date or the date on which a Secured Claim became an Allowed Secured Claim, or as soon thereafter as practicable, each Allowed Secured Claim shall be, at the election of the Debtors (i) reinstated (only to the extent the collateral securing such Secured Claim does not constitute an Acquired Asset), (ii) paid in Cash, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Secured Claim, (iii) satisfied by the Debtors' surrender of the collateral securing such Allowed Secured Claim unless such collateral is an Acquired Asset under the Purchase Agreement with the Lien of such Holder shall attach to the proceeds of such Acquired Asset, (iv) offset against, and to the extent of, the Debtors' claims against the Holder of such Allowed Secured Claim, or (v) otherwise rendered Unimpaired, except to the extent that the Debtors, with the consent of the Creditors Committee which shall not be unreasonably withheld, and a Holder of a Allowed Secured Claim agree to a different treatment

6. Class 3 – Senior Lender Claims Class 3 consists of all Allowed Senior Lender Claims, other than Claims in Class 2

Pursuant to the Plan, on the Initial Effective Date, or as soon as practicable thereafter, each Holder of an Allowed Senior Lender Claim shall receive Cash in an amount equal to one hundred percent (100%) of such Holder's Allowed Senior Lender Claim

7. Class 4 – ATCW Unsecured Claims Class 4 consists of all Allowed ATCW Unsecured Claims

The aggregate amount of Unsecured Claims is \$[], as reflected in proofs of claim filed by Holders of Unsecured Claims or, in the event no proof of claim was filed, in the Debtors' Schedules, is \$[]⁹ For purposes of the Plan, through the deemed consolidation of the ATCW Debtors, Claims against multiple ATCW Debtors are treated as one Claim against the consolidated ATCW Debtors and guarantee Claims between and among the ATCW Debtors are eliminated. The Debtors estimate that the aggregate amount of Allowed ATCW Unsecured Claims will be approximately \$[] million. The Debtors' estimate of Allowed ATCW Unsecured Claims is based upon an analysis of the ATCW Unsecured Claims and the Debtors' experience to date in resolving disputes concerning the amount of such Claims. The ultimate resolution of ATCW Unsecured Claims could result in Allowed ATCW Unsecured Claims in amounts less than or greater than those estimated by the Debtors for purposes of this Disclosure Statement.

Pursuant to the Plan, on the later of (i) the Initial Effective Date, (ii) the date such ATCW Unsecured Claim becomes an Allowed ATCW Unsecured Claim, or as soon as practicable thereafter, or (iii) such other date the Bankruptcy Court may order, each Holder of an Allowed ATCW Unsecured Claim shall receive its pro rata share of (x) either the ATLT A Certificates or the applicable Cash Recovery, (y) either the ATLT B Certificates or the applicable Cash Recovery, and (z) either the ATLT C Certificates or the applicable Cash Recovery. Holders of Claims in Class 4 that do not make an election with respect to the Cash Recovery will be deemed to have made the Cash Recovery Election. For purposes of Section 3.4 of the Plan, the term pro rata shall mean the ratio of such Holder's Allowed ATCW Unsecured Claim over the sum of all (1) Allowed ATCW Unsecured Claims and (2) Allowed ATI Unsecured Claims. *Notwithstanding the foregoing, to the extent a Holder of an Allowed ATCW Unsecured Claim is entitled to less than one (1) ATLT A Certificate, ATLT B Certificate or ATLT C Certificate, then such Holder shall be deemed to have made the Cash Recovery Election, as applicable.* The shares of ATLT A Certificates, ATLT B Certificates and ATLT C Certificates otherwise distributable to Holders of Class 4 Claims that elect and receive a Cash Recovery will be extinguished. In the event that the Available Cash is insufficient to satisfy in full the Claims of all Holders in Class 4 that elect a Cash Recovery (with such insufficiency being determined as of the Initial Effective Date), each such Holder shall receive its proportionate share of the Cash Recovery, and the remainder of its Claims shall be satisfied with ATLT A Certificates, ATLT B Certificates and ATLT C Certificates, as applicable.

8. Class 5 - ATI Unsecured Claims. Class 5 consists of all Allowed ATI Unsecured Claims.

The aggregate amount of ATI Unsecured Claims is approximately [\$677.2 million]. The Debtors' estimate of Allowed ATI Unsecured Claims is based upon an analysis of the ATI Unsecured Claims and the Debtors' experience to date in resolving disputes concerning the amount of such Claims. The ultimate resolution of ATI Unsecured Claims could result in Allowed ATI Unsecured Claims in amounts less than or greater than those estimated by the Debtors for purposes of this Disclosure Statement.

Pursuant to the Plan, on the later of (i) the Initial Effective Date, (ii) the date such ATI Unsecured Claim becomes an Allowed ATI Unsecured Claim, or as soon as practicable thereafter, or (iii) such other date the Bankruptcy Court may order, each Holder of an Allowed ATI Unsecured Claim shall receive its pro rata share of (x) either the ATLT A Certificates or the applicable Cash Recovery, (y) either the ATLT B Certificates or the applicable Cash Recovery, and (z) either the ATLT C Certificates or the applicable Cash Recovery Election, provided, however, that in the event that the Available Cash is insufficient to satisfy in full the Claims of all Holders in Class 4 that elect a Cash Recovery (with such insufficiency being determined as of the Initial Effective Date), the Holders of Allowed Claims in Class 5 will not be entitled to any Cash Recovery. Holders of Claims in Class 5 that do not make an election with respect to the Cash Recovery will be deemed to have made the Cash Recovery Election. For purposes of this Section 3.5, the term pro rata shall mean the ratio of such Holder's Allowed ATI Unsecured Claim over the sum of all (1) Allowed ATI Unsecured Claims and (2) Allowed ATI Unsecured Claims. *Notwithstanding*

⁹ Excluding ATCW Unsecured Claims for which no amounts were specified, otherwise unliquidated ATCW Unsecured Claims, ATCW Unsecured Claims against multiple ATCW Debtors, amended ATCW Unsecured Claims and obviously duplicate ATCW Unsecured Claims.

the foregoing, to the extent a Holder of an Allowed ATI Unsecured Claim is entitled to less than one (1) ATLT A Certificate, ATLT B Certificate or ATLT C Certificate, then such Holder shall be deemed to have made the Cash Recovery Election, as applicable. In the event that there is sufficient Available Cash to permit Holders of Allowed Claims in Class 5 to make a Cash Recovery Election, the shares of ATLT A Certificates, ATLT B Certificates, and ATLT C Certificates otherwise distributable to Holders of Class 5 Claims that elect and receive a Cash Recovery will be extinguished. In the event that the Available Cash is insufficient to satisfy in full the Claims of all Holders in Class 5 that elect a Cash Recovery (with such insufficiency being determined as of the Initial Effective Date), each such Holder shall receive its proportionate share of the Cash Recovery, and the remainder of its Claims shall be satisfied with ATLT A Certificates, ATLT B Certificates and ATLT C Certificates, as applicable.

9. Class 6 – Subordinated Claims. Class 6 consists of all Claims that are determined to be subordinated to other Claims pursuant to section 510(c) of the Bankruptcy Code.

Holders of Subordinated Claims, if any, shall receive no distribution of property on account of such Subordinated Claims.

10. Class 7 - Equity Interests Class 7 consists of all ATI, ATCW and STFI Equity Interests.

Holders of Equity Interests shall not be entitled to, and shall not retain, any property or interest in property on account of such Equity Interests.

C. RESTRUCTURING TRANSACTION

1. Transfer of Acquired Assets and Common Stock of IT Reorganized Subsidiaries On the Initial Effective Date, and in accordance with the terms of the Purchase Agreement and Sale Order, for good and valuable consideration, all of the Acquired Assets shall be sold, conveyed, assigned, transferred and delivered to either the Buyer or the IT Reorganized Subsidiaries, as applicable, and the common stock of the IT Reorganized Subsidiaries shall be sold, conveyed, assigned, transferred and delivered to the Buyer, free and clear of all Liens, Claims, Equity Interests, and Interests (as defined in the Sale Order) of Entities, provided, however, to the extent that an Early Closing Election (as defined in the Purchase Agreement) has been delivered and the Sale Transaction has closed, then Section 5.3(d) and (e) of the Plan shall be inapplicable. Notwithstanding anything to the contrary contained herein, (i) prior to the Initial Effective Date, the parties to the Purchase Agreement retain their rights to make such an Early Closing Election (as provided in the Purchase Agreement) and to consummate the transactions contemplated under the Purchase Agreement if such Early Closing Election is made and (ii) the Buyer and the Reorganized Subsidiaries if the Early Closing Election is not made (x) shall not be liable for any Claims against or Equity Interests in the Debtors, other than the Assumed Liabilities, and (y) shall not be deemed to have assumed or be liable for any liabilities of the Reorganized Subsidiaries of the types and in the nature of the Excluded Liabilities (as defined in Section 2.4 of the Purchase Agreement). After the Initial Effective Date, each IT Reorganized Subsidiary shall have no further obligations under the Plan other than the Assumed Liabilities that relate to such IT Reorganized Subsidiary.

2. Transfer of Excluded Assets On the Initial Effective Date, all of the Excluded Assets (together with the other ATLT Assets but not including any Acquired Assets) shall be transferred to ATLT free and clear of all Liens, Claims and Equity Interests.

3. Non-Transferred Assets On each of the NTA Effective Dates, and in accordance with the terms of the Purchase Agreement and Sale Order, for good and valuable, the common stock of the relevant NTA Reorganized Subsidiary (and any accompanying Non-Transferred Asset(s)) shall be conveyed, assigned, transferred and delivered to the Buyer, free and clear of all Liens, Claims, Equity Interests, and Interests (as defined in the Sale Order) of Entities. After each NTA Effective Date, the relevant NTA Reorganized Subsidiary shall have no further obligations under the Plan other than the Assumed Liabilities that relate to such NTA Reorganized Subsidiary.

4. Continued Corporate Existence and Remaining of Assets in the Reorganized Subsidiaries Each of the IT Reorganized Subsidiaries shall continue to exist after the Initial Effective Date, and each NTA Reorganized Subsidiary shall continue to exist after its NTA Effective Date, as applicable, as a separate legal Entity,

with all the powers of a corporation, limited liability company, joint venture, or partnership, as applicable, under the laws of their respective states of incorporation, formation, or organization, and without prejudice to any right that Buyer has to alter or terminate such existence (whether by merger, acquisition, or otherwise) under such applicable state law. Except as otherwise provided in the Plan or the Purchase Agreement, on and after the Initial Effective Date and each of the NTA Effective Dates, as applicable, all property of the Subsidiaries, other than STFI, the STFI Assets and the Excluded Assets, shall remain in the Reorganized Subsidiaries, free and clear of all Claims, Liens, charges, Equity Interests, Interests (as defined in the Sale Order) or other encumbrances. On and after the Initial Effective Date or each of the NTA Effective Dates, as applicable, the Reorganized Subsidiaries may operate their businesses and may use, acquire or dispose of their property, without the supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

5. Reorganized Subsidiaries On the Initial Effective Date, the stock of all of the IT Reorganized Subsidiaries (other than those Subsidiaries that hold or constitute Non-Transferred Assets) shall be transferred to Buyer, in such order and manner as Buyer may choose in its sole discretion in accordance with the Purchase Agreement, in exchange for consideration being given to the Debtors under the Purchase Agreement, which such consideration shall be distributed to Holders of Allowed Claims in accordance with the Plan. On the NTA Effective Date for each Subsidiary that holds or constitutes Non-Transferred Assets, the stock of such NTA Reorganized Subsidiary shall be transferred to Buyer in the manner chosen by Buyer in its sole discretion in accordance with the Purchase Agreement. All required corporate actions with respect to the Reorganized Subsidiaries will be determined by Buyer in its sole discretion.

(a) New Certificates of Incorporation and New By-laws. On or immediately prior to the Initial Effective Date or each of the NTA Effective Dates, as applicable, the Reorganized Subsidiaries will file their respective New Certificates of Incorporation with the applicable Secretaries of State in their respective states of incorporation in accordance with the relevant sections of the corporate laws of the respective states of incorporation. After the Initial Effective Date or each of the NTA Effective Dates, as applicable, the Reorganized Subsidiaries may amend and restate their respective New Certificate of Incorporation and other constituent documents as permitted by the laws of their respective states of incorporation.

(b) Directors and Officers of the Reorganized Subsidiaries Subject to section 1129(a)(5) of the Bankruptcy Code, the directors and officers of the Subsidiaries, other than STFI, shall resign as of the Final Effective Date. As of the Initial Effective Date or each of the NTA Effective Dates, as applicable, the initial board of directors of each of the Reorganized Subsidiaries shall be appointed by the Buyer in accordance with the respective Reorganized Subsidiaries' New Certificate of Incorporation. Pursuant to section 1129(a)(5), the Buyer will disclose, on or prior to the Confirmation Date, the identity and affiliations of any Person proposed to serve on the initial board of directors of each of the Reorganized Subsidiaries. To the extent any such Person is an "insider" under the Bankruptcy Code, the nature of any compensation for such Person will also be disclosed. Each such director and officer shall serve from and after the Initial Effective Date or each of the NTA Effective Dates, as applicable, pursuant to the terms of the New Certificates of Incorporation and other constituent documents of the Reorganized Subsidiaries.

(c) Corporate Action As of the Initial Effective Date or each of the NTA Effective Dates, as applicable, the adoption and filing of the New Certificates of Incorporation, the approval of the New By-laws, the appointment of directors and officers for each of the Reorganized Subsidiaries, and all actions contemplated hereby shall be deemed to be authorized and approved in all respects (subject to the provisions hereof). All matters provided for herein involving the corporate structure of the Reorganized Subsidiaries, and any corporate action required by the Reorganized Subsidiaries in connection with the Plan, shall be deemed to have occurred and shall be in effect, pursuant to applicable law, without any requirement of further action by the security holders or directors of the Reorganized Subsidiaries. On the Initial Effective Date or each of the NTA Effective Dates, as applicable, the appropriate officers of the Reorganized Subsidiaries and members of the board of directors of the Reorganized Subsidiaries are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Subsidiaries.

D. SECURITIES TO BE ISSUED UNDER THE PLAN

1. New STFI Common Stock As of the Initial Effective Date, Reorganized STFI shall be authorized to issue up to [10,000,000] shares of common stock, par value \$ 01 per share, pursuant to the certificate of incorporation of Reorganized STFI

The holders of New STFI Common Stock will be entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of New STFI Common Stock will be entitled to receive ratably such dividends as may be declared by Reorganized STFI's Board of Directors out of funds legally available for payment of dividends. However, Reorganized STFI does not presently anticipate that dividends will be paid on New STFI Common Stock for the foreseeable future. In the event of a sale, liquidation, dissolution or winding up of Reorganized STFI, holders of New STFI Common Stock will be entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any outstanding preferred stock of Reorganized STFI. Currently, the Debtors do not anticipate issuing any preferred stock. Holders of New STFI Common Stock will have no preemptive, subscription, redemption or conversion rights. All of the outstanding shares of New STFI Common Stock to be issued pursuant to the Plan will be, upon such issuance and delivery, validly issued, fully paid and nonassessable.

2. XO Common Stock As of the Closing, ATLT will receive the XO Common Stock

The holders of XO Common Stock will be entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of XO Common Stock will be entitled to receive ratably such dividends as may be declared by XO's Board of Directors out of funds legally available for payment of dividends. In the event of liquidation, dissolution or winding up of XO, holders of XO Common Stock will be entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any outstanding preferred stock of XO. As of the date hereof, there are no shares of XO preferred stock outstanding. Holders of XO Common Stock will have no preemptive, subscription or conversion rights. All of the XO Common Stock will be, upon issuance, validly issued, fully paid and nonassessable.

E. POST-CONFIRMATION ESTATE

1. Execution of the ATLT Agreement. On the Initial Effective Date, the ATLT Agreement shall be executed, and all other necessary steps shall be taken to establish the ATLT and the beneficial interests therein which shall be for the benefit of the Holders of Allowed Claims in Classes 4 and 5 as provided in Sections 3 4 and 3 5 of the Plan. In the event of any conflict between the terms of Section 5 4 of the Plan and the terms of the ATLT Agreement, the terms of the ATLT Agreement shall govern.

2. Purpose of ATLT. From and after the Initial Effective Date, ATLT shall, in accordance with the ATLT Agreement, (i) wind-down the Debtors' affairs, including making Distributions as contemplated in the Plan, (ii) liquidate, by conversion to Cash or other methods, the ATLT Assets, to the extent applicable, as expeditiously as reasonably possible, (iii) investigate, enforce and prosecute the Avoidance Actions and the Causes of Action, provided, however, that any analysis regarding whether a Cause of Action should be commenced against any member of the Creditors Committee shall be conducted by the Debtors' attorneys or another party selected by the Debtors prior to the Confirmation Date, (iv) resolve Disputed Claims, (v) administer the Plan and take such actions as are necessary to effectuate the Plan, and (vi) file appropriate tax returns, each in the exercise of its fiduciary obligations and ATLT shall retain such professionals as are necessary and appropriate in furtherance of such fiduciary obligations.

3. ATLT Assets. ATLT shall consist of the ATLT Assets, which, for the sake of clarity, shall include (a) the XO Common Stock, (b) the New STFI Common Stock, (c) the Litigation Cash, (d) the Available Cash and (e) all other assets of the Estates that are not the Acquired Assets.

4. The ATLT Certificates. On the Initial Effective Date, ATLT shall issue [] ATLT A Certificates, [] ATLT B Certificates, and [] ATLT C Certificates. The ATLT Certificates, in accordance with Sections

3 4 and 3 5 of the Plan, shall be distributed to the Holders of Allowed (a) ATCW Unsecured Claims and (b) ATI Unsecured Claims. The ATLT Certificates shall represent the ATLT Assets.

5. Appointment of Plan Administrator. The Creditors Committee shall appoint the Plan Administrator who shall be retained effective as of the Initial Effective Date. The Plan Administrator shall, in accordance with the ATLT Agreement, serve in such capacity through the earlier of the date ATLT is dissolved and the date such Plan Administrator resigns, is terminated or otherwise unable to serve, provided, however, that, in the event that the Plan Administrator resigns, is terminated or unable to serve, then the directors of ATLT shall have the right to select a successor who shall be appointed as the Plan Administrator and shall serve in such capacity until ATLT is dissolved or until such Plan Administrator resigns, is replaced or is terminated.

6. Responsibilities of Plan Administrator. As set forth in more detail in the ATLT Agreement, the responsibilities of the Plan Administrator shall include, but shall not be limited to: (i) the wind-down of the Debtors' affairs, including making Distributions as contemplated herein, (ii) the liquidation, by conversion to Cash or other methods, of the ATLT Assets, to the extent applicable, (iii) the investigation, enforcement and prosecution of the Avoidance Actions and the Causes of Action, provided, however, that any analysis regarding whether a Cause of Action should be commenced against any member of the Creditors Committee shall be conducted by the Debtors' attorneys or another party selected by the Debtors prior to the Confirmation Date, (iv) resolution of Disputed Claims, (v) administration of the Plan, and (vi) filing of appropriate tax returns, each in the exercise of its fiduciary obligations and ATLT shall retain such professionals as are necessary and appropriate in furtherance of such fiduciary obligations.

7. Directors of ATLT. On the Initial Effective Date, the directors of ATLT shall be appointed by the Creditors Committee. There shall be three directors of ATLT.

8. Post-Initial Effective Date Professional Fees and Expenses. From and after the Initial Effective Date, the attorneys for the Debtors, the attorneys for the Creditors Committee and other Professionals retained in the Chapter 11 Cases may, from time to time, provide legal or other professional services in connection with the Plan as requested by the Plan Administrator. Such services may be paid without further application to the Bankruptcy Court within ten (10) days after submission of a bill to the Plan Administrator. If an objection is asserted by the Plan Administrator with respect to a bill and remains unresolved, the Plan Administrator may not pay the amounts requested in such bill, provided, however, that the affected Professional may file an application for allowance with the Bankruptcy Court on ten (10) days' notice to the Plan Administrator. After a hearing before the Bankruptcy Court, the fees and expenses will be paid in the amounts fixed by the Bankruptcy Court. Notwithstanding anything to the contrary contained in the Plan, the Buyer and the Reorganized Subsidiaries shall not be liable for any of such fees and expenses.

9. Post-Initial Effective Date Fees and Expenses. From and after the Initial Effective Date, ATLT shall, in the ordinary course of business and without the necessity of Bankruptcy Court approval, pay the reasonable fees and expenses related to the implementation and consummation of the Plan, other than the professional fees described in Section 5 4(g) of the Plan. Any dispute with respect to such fees and expenses will be resolved by the Bankruptcy Court. Notwithstanding anything to the contrary contained herein, the Buyer and the Reorganized Subsidiaries shall not be liable for any of such fees and expenses.

10. Plan Administrator and Fiduciary Duties. The Plan Administrator shall act in a fiduciary capacity for the interests of all Holders of ATLT Certificates.

11. Dissolution of ATI and ATCW. On the date that ATI or ATCW no longer holds a Non-Transferred Asset, whether directly or indirectly, the Plan Administrator shall file on behalf of ATI and ATCW a certification of dissolution with the Bankruptcy Court and, as a result thereof, such Entity will be dissolved without the necessity for any other or further actions to be taken by or on behalf of ATI and ATCW or payments to be made in connection therewith, provided, however, that ATI and ATCW shall file with the official public office for keeping corporate records in its state of incorporation or organization a certification of dissolution or equivalent document. After (a) the Distribution of all Cash, including the Litigation Cash, if any, Excluded Assets (or on the proceeds thereof) and the ATLT Certificates pursuant to the Plan, (b) the filing by or on behalf of ATLT of a certification of dissolution with the Bankruptcy Court, and (c) the taking of all necessary actions to effectuate the closing of the Chapter 11

Cases, ATI and ATCW shall be deemed dissolved for all purposes without the necessity for any other or further actions, provided, however, that ATLT shall file with the official public office for keeping corporate records in the state of incorporation or organization of each of the Debtors a certificate of dissolution or equivalent document

12. Closing of the Chapter 11 Cases. ATLT shall take all necessary actions to effectuate the closing of the Chapter 11 Cases of the Debtors. Upon the Distribution of all ATLT Assets, the Plan Administrator shall take all necessary actions to effectuate the dissolution of ATLT

13. Tax Treatment. If possible, ATLT will be structured to be treated for federal income tax purposes as a "liquidating trust," as defined in Treasury Regulation Section 301.7701-4(d), according to the guidelines established by the IRS in Rev. Proc. 94-45, 1994-2 C.B. 684, for the formation of liquidating trusts. If ATLT cannot be structured to comply with Rev. Proc. 94-45, then ATLT will be structured as another entity (or entities) intended not to be subject to federal income tax, *i.e.*, a "flow through" entity

F. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Claims and Equity Interests Allowed as of the Initial Effective Date. Except as otherwise provided in the Plan or as may be ordered by the Bankruptcy Court, Distributions to be made on account of Claims that are Allowed as of the Initial Effective Date shall be made on the Initial Effective Date, or as soon as practicable thereafter. Unless otherwise specifically provided for or contemplated in the Plan or Confirmation Order, or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on any Claims and no Holder of a Claim shall be entitled to interest accruing on or after the Commencement Date. For tax purposes, Distributions received in respect of Allowed Claims shall be allocated first to the principal amount of the Allowed Claims with any excess allocated to unpaid interest that accrued on such Claims

2. Delivery of Distributions by ATLT. ATLT shall make all Distributions required to be distributed under the Plan, except that the ATI Note Trustees shall deliver the Distributions, if any, to the Holders of Allowed ATI Note Claims in accordance with the ATI Indentures and this Plan. Any Distribution required to be made pursuant to this Plan on a day other than a Business Day shall be made on the next succeeding Business Day. ATLT may employ or contract with other Entities to assist in or make the Distributions required by the Plan without further order of the Court

3. Delivery and Distributions and Undeliverable or Unclaimed Distributions

(a) Delivery of Distributions in General. Distributions to Holders of Allowed Claims shall be made at the address of the Holder of such Claim as indicated on the records of the Debtors or, if such Holder holds such Claims through a Nominee, Distributions with respect to such Claims will be made to such Nominee and such Nominee shall in turn, make appropriate book entries to reflect such Distributions to such Holders

(b) Undeliverable Distributions.

- (i) **Holding and Investment of Undeliverable Distributions.** If a Distribution of Cash is returned to ATLT as undeliverable or is otherwise unclaimed for one (1) year after the Initial Effective Date, such Cash shall be distributed on a pro rata basis to Holders of Allowed Unsecured Claims in accordance with the Sections 3.4(a) and 3.5(a) of the Plan. Undeliverable Distributions shall remain in the possession of ATLT until such time as a Distribution becomes deliverable or until the first anniversary of the Initial Effective Date. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. As soon as reasonably practicable, ATLT shall make all Distributions that become deliverable
- (ii) **Failure to Claim Undeliverable Distributions.** Any Holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable or unclaimed Distribution within one (1) year after the Initial Effective Date shall be deemed to have forfeited its Claim for such undeliverable or unclaimed Distribution and shall be forever barred from

asserting any such Claim against any of the Debtors or their Estates, Reorganized STFI or its property. Nothing contained herein shall require ATLT, or any other party, to attempt to locate any Holder of an Allowed Claim.

4. Compliance with Tax Requirements/Allocations. In connection with the Plan, to the extent applicable, ATLT shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions pursuant hereto shall be subject to such withholding and reporting requirements. In addition, ATLT will pay taxes on the taxable net income or gain allocable to Holders of Disputed Claims on behalf of such Holders and, when such Disputed Claims are ultimately resolved, Holders whose Disputed Claims are determined to be Allowed Claims will receive Distributions from ATLT net of the taxes that ATLT had paid previously on their behalf.

5. Record Date for Distribution. At the close of business on the Initial Effective Date, the transfer register for the ATI Notes shall be closed and there shall be no further changes in the record Holders of any ATI Notes. Moreover, ATLT shall have no obligation to recognize the transfer of any ATI Notes occurring after the Initial Effective Date, and shall be entitled for all purposes herein to recognize and deal only with those Holders of record as of the close of business on the Initial Effective Date.

6. Fractional ATLT Certificates and De Minimis Distributions. ATLT Certificates shall be issued in whole numbers only. There shall be no fractional shares of ATLT Certificates. No Cash payment of less than \$250.00 shall be required to be made to the Holder of any Allowed Claim until the final date on which Cash is distributed to Holders of Allowed Claims pursuant to this Plan.

7. Set-offs and Recoupments. The Debtors or ATLT may, but shall not be required to, set-off against or recoup from any Allowed Claim on which payments are to be made pursuant to the Plan, any claims of any nature whatsoever (except for those claims and rights (including, without limitation, set off rights) constituting Acquired Assets), the Debtors or ATLT may have against the Holders of such Claim that is not released under Article X of the Plan and the Distributions to be made pursuant hereto on account of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such Claim the Debtors may have against the Holder of such Claim.

8. Surrender of Canceled Instruments or Securities. As a condition precedent to receiving any Distribution pursuant to the Plan on account of an Allowed Claim, the Holder of such Claim shall tender the applicable instruments, securities or other documentation evidencing such Claim to ATLT, and in the case of the Credit Agreement, the agent under the Credit Agreement shall have either (a) delivered such release documents as requested by the Debtors (at the Debtors expense) or (b) provided a letter of authorization to the Debtors to execute and release any instruments, securities or other documentation securing the Senior Lenders Claim. Any Distribution to be distributed pursuant to the Plan on account of any such Claim shall, pending such surrender, be treated as an undeliverable Distribution pursuant to Section 7.3 hereof. Any Holder of such Claim that fails to (i) surrender such instrument, security, note, or other documentation evidencing such Claim or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to the Plan Administrator, before the first (1st) anniversary of the Initial Effective Date shall be deemed to have forfeited all rights and Claims and may not participate in any distribution under the Plan. Any distribution so forfeited shall become property of ATLT.

9. ATI Notes. The Distributions to Holders of Allowed ATI Note Claims shall be made by the ATI Note Trustees as agents and shall be made in accordance with the ATI Note Indentures and this Plan.

G. PROCEDURES FOR TREATING DISPUTED CLAIMS

1. Objections to Claims. After the Initial Effective Date and on or before the Claims Objection Deadline, ATLT shall have the authority to file objections to Claims or Equity Interests. ATLT may settle, compromise, withdraw or litigate to judgment objections to Claims without further Bankruptcy Court approval.

2. No Distributions Pending Allowance. Notwithstanding any other provision of the Plan, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided hereunder shall be made on account of

such Claim unless and until such Disputed Claim becomes an Allowed Claim, in whole or in part, provided, however, that the resolution of a Disputed Claim shall not preclude ATLT from commencing an Avoidance Action against the Holder of such Disputed Claim. No interest shall accrue on such Disputed Claim until the date that such Disputed Claim becomes an Allowed Claim.

3. Personal Injury Claims Notwithstanding anything to the contrary contained herein, all Personal Injury Claims are Disputed Claims. No Distributions shall be made on account of any Personal Injury Claim unless and until such Claim is liquidated and becomes an Allowed Claim. Any Personal Injury Claim which has not been liquidated prior to the Initial Effective Date and as to which a proof of Claim was timely filed in the Chapter 11 Cases, shall be determined and liquidated either (i) in the Bankruptcy Court or (ii) in the administrative or judicial tribunal in which it is pending on the Initial Effective Date or, if no action was pending on the Initial Effective Date, in any administrative or judicial tribunal of appropriate jurisdiction. Any Personal Injury Claim determined and liquidated (a) pursuant to a judgment obtained in accordance with Section 8.3 of the Plan and applicable nonbankruptcy law which is no longer applicable or subject to review, or (b) in any alternative dispute resolution or similar proceeding as same may be approved by order of a court of competent jurisdiction, shall be deemed, to the extent applicable, an Allowed Claim in Class 4, in such liquidated amount and treated in accordance with Section 3.4(a) of the Plan. Nothing contained in Section 8.3 of the Plan shall constitute or be deemed a waiver of any Claim, right, or Cause of Action that the Debtors may have against any person in connection with or arising out of any Personal Injury Claim, including, without limitation, any rights under section 157(b) of title 28 of the United States Code.

4. Estimation of Claims The Debtors or the Creditors Committee (prior to the Initial Effective Date) or ATLT (after the Initial Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Entity, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors, the Creditors Committee, or ATLT, with the consent of the Creditors Committee or Debtors, as applicable, which shall not be unreasonably withheld, may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court. To the extent that any Disputed Claim constitutes an Assumed Liability under the Purchase Agreement, the Debtors, the Creditors Committee or ATLT, as applicable, will consult with the Buyer in connection with estimation of such Disputed Claim.

5. Distributions Relating to Allowed Insured Claims Distributions under the Plan to each Holder of an Allowed Insured Claim shall be in accordance with the treatment provided under Section 3.4(a) of the Plan for Class 4, provided, however, that in no event shall the Allowed amount of an Insured Claim exceed the maximum amount that the Debtors are required to pay in respect of such Insured Claim pursuant to any pertinent insurance policies and applicable law. Nothing contained herein shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including, without limitation, insurers under any policies of insurance.

6. Disputed Claims Reserve On the Initial Effective Date (or as soon thereafter as is practicable), ATLT shall establish the Disputed Claims Reserve, which may be established through one or more accounts, and shall reserve in respect of each Disputed Claim, Cash, ATLT Certificates, as applicable, that would have been distributed to the Holder of such Disputed Claim if such Disputed Claim had been an Allowed Claim on the Initial Effective Date in an amount equal to the least of (i) the amount of the Claim filed with the Bankruptcy Court, or, if no amount was specified, an amount determined by the Debtors and the Creditors Committee, (ii) if no Claim was filed, the amount listed by the Debtors in the Schedules as not disputed, contingent or unliquidated, or (iii) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code. Any Cash reserved by ATLT on account of Disputed Claims shall be set aside, segregated and held in interest-bearing

accounts or certificates of deposit. Notwithstanding anything to the contrary contained herein, the amount of Cash (including interest actually earned thereon) and the ATLT Certificates reserved in respect of any Disputed Claim shall constitute the maximum amount of Cash and ATLT Certificates to be distributed to the Holder of such Disputed Claim.

7. Distributions After Allowance ATLT shall distribute from the Disputed Claims Reserve to the Holder of any Disputed Claim that has become an Allowed Claim, no later than the fifth business day after the end of the calendar month in which such Disputed Claim becomes an Allowed Claim, Cash plus any interest actually earned on such Cash or ATLT Certificates, as applicable in amounts equal to the Cash or ATLT Certificates that such Holder would have received on account of such Claim if such Claim had been an Allowed Claim on the Initial Effective Date.

8. Distributions After Disallowance If a Disputed Claim is disallowed, in whole or in part, ATLT shall, on a quarterly basis if aggregate distribution in the first quarter are over \$5 million (otherwise, the Plan Administrator may determine in its discretion), redistribute to the Holders of Allowed Unsecured Claims in accordance with the terms of this Plan each such Holder's pro rata share of the Cash (including interest actually earned thereon) and ATLT Certificates reserved in respect of such disallowed Disputed Claim.

9. Controversy Concerning Impairment If a controversy arises as to whether any Claims are Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Confirmation Date.

H. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption or Rejection of Executory Contracts and Unexpired Leases

(a) Executory Contracts and Unexpired Leases. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, and subject to the terms and conditions of the Purchase Agreement, all executory contracts and unexpired leases between the Debtors and any Person or Entity that are not listed on Schedules 2, 3, 4 and 5 annexed to the Plan shall be deemed rejected by the Debtors on the Initial Effective Date. Contracts and leases listed on Schedule 1 shall be deemed rejected as of the Initial Effective Date. Contracts and leases listed on Schedule 2 shall be deemed rejected sixty (60) days after Buyer obtains the regulatory consents set forth in Section 2.5 of the Purchase Agreement relating to such contract or lease. Contracts and leases listed on Schedule 3 shall be deemed assumed and (where necessary in accordance with the Purchase Agreement and Sale Order) assigned to Buyer on the Initial Effective Date. Contracts listed on Schedule 4 shall be deemed assumed and (where necessary in accordance with the Purchase Agreement and Sale Order) assigned to Buyer on the date that Buyer obtains the regulatory consents set forth in Section 2.5 of the Purchase Agreement relating to such contract or lease. Contracts listed on Schedule 5 shall be deemed rejected on the earlier of (i) 20 days after notice of such rejection has been given by the Debtors to the counterparty to such contract, (ii) 180 days after the Initial Effective Date or (iii) another date later than the Initial Effective Date as reflected on such Schedule 5. Schedules 2, 3, 4 and 5 annexed to the Plan may be modified at any time by the Buyer prior to the Initial Effective Date in accordance with the terms and conditions of the Purchase Agreement.

(b) Claims Based on Rejection of Executory Contracts or Unexpired Leases. All proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases, if any, must be filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection. Any Claims arising from the rejection of an executory contract or unexpired lease not filed within such time will be forever barred from assertion against the Debtors, their Estates and property, or ATLT, unless otherwise ordered by the Bankruptcy Court or provided herein.

(c) Cure of Defaults for Executory Contracts and Unexpired Leases Assumed. Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the later of (i) the Initial Effective Date, (ii) the date the Bankruptcy Court determined by Final Order the default amount, or (iii) on such other terms as the parties to such executory contracts or unexpired leases may otherwise agree. In the event of a dispute regarding (a) the amount of any cure payments, (b) the ability of

Reorganized STFI or any assignee, including Buyer, to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption. The Bidding Procedures Order (as defined in and modified by the Sale Order) provides, and the Confirmation Order shall provide, as applicable, for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Disputes with respect to cure between the Debtors and Buyer shall be governed by the terms and conditions of Section 3.5 of the Purchase Agreement. Buyer shall have standing in the Chapter 11 Cases with regard to cure amounts and all other matters relating to the assumption or assignment of executory contracts or unexpired leases, including, without limitation, adequate assurance matters.

(d) Insurance Policies. All of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, are treated as executory contracts under the Plan. On the Initial Effective Date, the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents and instruments relating to coverage of all Insured Claims and shall be deemed to have assigned all of the Debtors' rights thereunder to ATLT. Notwithstanding the foregoing, Distributions under the Plan to any Holder of an Insured Claim shall be in accordance with the treatment provided under Article III of the Plan, provided, however, that any Distribution with respect to any and all Insured Claims shall be limited to the amount of proceeds payable under the insurance policies and any agreements, documents and instruments relating thereto.

2. Utility Services After the Initial Effective Date, all Utility Companies shall continue to provide to the Debtors, Reorganized STFI, the Reorganized Subsidiaries or Buyer *without interruption* all Utility Services provided to the Debtors prior to the Initial Effective Date whether such Utility Services were provided pursuant to a contract or Tariff. Utility Companies shall not be entitled to request any additional deposits or other financial security from the Debtors, Reorganized STFI, the Reorganized Subsidiaries or Buyer as a result of, arising out of, or in connection with, the Chapter 11 Cases. Any Claim against a Debtor by a Utility Company (or a Holder of a Claim of a Utility Company) for the provision of Utility Services to such Debtor prior to the Commencement Date shall be deemed to be an ATCW Unsecured Claim and shall be treated in accordance with Section 3.4 of the Plan. The Buyer shall have standing with respect to Claims arising out of Utility Services.

3. Tariff Services After the Initial Effective Date, all Access Providers shall continue to provide to the Debtors, Reorganized STFI, the Buyer or the Reorganized Subsidiaries, as the case may be, without interruption all Tariff Services, specifically including usage-sensitive access services, provided to the Debtors prior to the Initial Effective Date. Access Providers shall not be entitled to request any *additional deposits or other financial security* from the Debtors, Reorganized STFI, the Reorganized Subsidiaries or Buyer as a result of, arising out of, or in connection with, the Chapter 11 Cases. Any Claim against a Debtor by an Access Provider (or a Holder of a Claim of an Access Provider) for the provision of Tariff Services to such Debtor prior to the Commencement Date shall be deemed to be an ATCW Unsecured Claim and shall be treated in accordance with Section 3.4 of the Plan. The Buyer shall have standing with respect to Claims arising out of Tariff Services.

I. DEEMED CONSOLIDATION OF ATCW DEBTORS FOR PLAN PURPOSES ONLY

In accordance with the settlement of Claims and controversies under the Plan and for purposes of voting and Distributions under the Plan only: (a) all assets and all liabilities of the ATCW Debtors will be treated as though the ATCW Debtors were merged, (b) any pre-Initial Effective Date obligation of any ATCW Debtor and all guarantees thereof executed by one or more of the ATCW Debtors will be deemed to be one obligation of the consolidated ATCW Debtors, (c) any Claims filed or to be filed in connection with any such obligation and such guarantees will be deemed one Claim against the consolidated ATCW Debtors, and (d) each and every Claim filed in the individual Chapter 11 Case of any of the ATCW Debtors will be deemed filed against the consolidated ATCW Debtors in the consolidated case.

Notwithstanding the foregoing, the deemed consolidation shall not (other than for purposes related to funding Distributions under the Plan) affect (w) the legal and organizational structure of the ATCW Debtors or the Reorganized Subsidiaries, (x) pre- and post-Commencement Date guaranties, liens and security interests that were required to be maintained (i) in connection with executory contracts or unexpired leases that were entered into

during the Chapter 11 Cases or that have been or will be assumed by the ATCW Debtors or (ii) pursuant to the Plan or the Purchase Agreement, (y) distributions out of any insurance policies or proceeds of such policies, and (z) the tax treatment of the ATCW Debtors. In addition, on the Initial Effective Date, for all purposes, all other Intercompany Claims between and among the ATCW Debtors shall be eliminated and discharged. In no event shall Distributions be made hereunder on account of Intercompany Claims between and among the ATCW Debtors.

J. RETENTION OF CAUSES OF ACTION/RESERVATION OF RIGHTS

Nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors, ATLT, or Reorganized STFI may have or which ATLT may choose to assert on behalf of the Debtors' Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim, and/or Claim for set-off which seeks affirmative relief against the Debtors, ATLT, the Buyer, Reorganized Subsidiaries, Reorganized STFI, their officers, directors, or representatives, or (ii) the turnover of any property of the Debtors' Estates. To the extent this provision conflicts with the Purchase Agreement, the terms and conditions of the Purchase Agreement shall control. Without limiting the generality of the immediately preceding sentence, ATLT may not assert any Cause of Action, Claim, right of set off or other legal or equitable defense that constitutes an Acquired Asset.

Nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of set-off, or other legal or equitable defense which the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim left Unimpaired by the Plan. ATLT shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of set-off, and other legal or equitable defenses which the Debtors had immediately prior to the Commencement Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced. To the extent this provision conflicts with the Purchase Agreement, the terms and conditions of the Purchase Agreement shall control. Without limiting the generality of the immediately preceding sentence, ATLT may not assert any Cause of Action, Claim, right of set off or other legal or equitable defense that constitutes an Acquired Asset.

K. RELEASES

1. Releases by the Debtors As of the Initial Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors as debtors in possession, will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights of the Debtors or ATLT to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder) whether direct or derivative, liquidated or *unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen*, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Initial Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan, or the Disclosure Statement, and that could have been asserted by or on behalf of the Debtors, or their Estates against (a) the current or former representatives, directors, officers and employees of the Debtors and the Debtors' agents, advisors and Professionals, in each case in their capacity as such, (b) the Holders of ATI Note Claims and the ATI Note Trustees, in each case in their capacity as such, (c) the Holders of the Senior Lender Claims, (d) the current or former members of the Creditors Committee and the advisors and attorneys for the Creditors Committee, in each case in their capacity as such, (e) the Buyer, and (f) the respective affiliates and current or former representatives, officers, directors, employees, agents, members, direct and indirect shareholders, advisors, attorneys and professionals of the foregoing, in each case in their capacity as such, provided, however, nothing in this Section 10.5 of the Plan shall effect a release in favor of any person other than the Debtors with respect to Causes of Action based on willful misconduct, criminal conduct, misuse of confidential information that causes damage, fraud, ultra vires acts or gross negligence.

2. Releases by Holders of Claims and Equity Interests On the Initial Effective Date, each Holder of a Claim or Equity Interest shall be deemed to forever release, waive and discharge all Claims, Equity Interests, demands, debts, rights, causes of action or liabilities, whether direct or derivative, liquidated or unliquidated, fixed

or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Initial Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan or the Disclosure Statement against (a) the current or former representatives, directors, officers and employees of the Debtors and the Debtors' agents, advisors and Professionals, in each case in their capacity as such, (b) the Holders of ATI Note Claims and the ATI Note Trustees, in each case in their capacity as such, (c) the Holders of the Senior Lender Claims, (d) the current or former members of the Creditors Committee and the advisors and attorneys for the Creditors Committee, in each case in their capacity as such, (e) the Buyer, (f) the ATI Note Trustees, and (g) the respective affiliates and current or former representatives, officers, directors, employees, agents, members, direct and indirect shareholders, advisors, attorneys and professionals of the foregoing, in each case in their capacity as such, provided, however, nothing in this Section 10.6 of the Plan shall effect a release in favor of any person other than the Debtors with respect to Causes of Action based on willful misconduct, criminal conduct, misuse of confidential information that causes damage, fraud, ultra vires acts or gross negligence.

3. Release of Buyer In consideration for the Cash and XO Common Stock to be provided under the Purchase Agreement, (a) Buyer, its Affiliates (as defined in the Purchase Agreement) and all of Buyer's direct and indirect subsidiaries, (b) Buyer's and all of Buyer's Affiliates (as defined in the Purchase Agreement) and all of Buyer's direct and indirect subsidiaries' members, officers, directors, employees, shareholders, partners, Representatives (as defined in the Purchase Agreement), consultants, attorneys, accountants, experts, financial advisors, investment bankers, dealer-managers, placement agents, and agents (each in their respective capacities as such), and (c) such other parties related to Buyer and Buyer's Affiliates (as defined in the Purchase Agreement) and Buyer's direct and indirect subsidiaries to which Section 10.8 of this Plan applies (each in their respective capacities as such), are hereby released from all claims, causes of action, and other assertions of liability of any Person or Entity whether directly, indirectly, derivatively, contractually, statutorily, and/or otherwise based on any actions taken or not taken, or on any other matter or circumstance whatsoever occurring, on or prior to the Initial Effective Date, relating to the Debtors' business, the Chapter 11 Cases, the Plan or Disclosure Statement, provided, however, that nothing herein shall relieve Buyer of its obligations under the Purchase Agreement and nothing in this Section 10.7 shall be construed as a release of any entity's fraud, malpractice, criminal conduct or willful misconduct. In no event shall Buyer have any liability or obligation for any Claim or Equity Interest in the Debtors arising prior to the Initial Effective Date, other than the Assumed Liabilities.

4. Exculpation and Limitation of Liability Except as provided in the Plan or the Confirmation Order, none of the Debtors, the Buyer, the Holders of ATI Note Claims, the ATI Note Trustees, the Holders of the Senior Lender Claims, the Creditors Committee nor the individual members thereof, nor any of their respective present or former members, representatives, officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity, shall have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Equity Interest, or any other party in interest, or any of their respective agents, direct or indirect shareholders, employees, representatives, financial advisors, attorneys or affiliates, or any of their respective successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct, criminal conduct, misuse of confidential information that causes damage, fraud, ultra vires acts or gross negligence, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

L. RETENTION OF JURISDICTION

1. Retention of Jurisdiction The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases, the Plan and the Purchase Agreement pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of cure amounts and Claims resulting therefrom,

(b) To hear and determine the allowance of Claims arising out of or relating to Utility Services and Tariff Services,

- (c) To hear and determine any and all adversary proceedings, applications and contested matters,
- (d) To hear and determine any objections to Administrative Expense Claims, or any objections to or requests to estimate, any Claims,
- (e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated,
- (f) To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code,
- (g) To consider any amendments to, or modifications of, the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including without limitation, the Confirmation Order or in the Plan,
- (h) To hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 328, 330, 331 and 503(b) of the Bankruptcy Code,
- (i) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, any documents contained in the Plan Supplement, the Purchase Agreement and the Confirmation Order, including but not limited to Claims for indemnification thereunder,
- (j) To hear and determine disputes involving ATLT,
- (k) To recover all assets of the Debtors and property of the Debtors' Estates, wherever located,
- (l) To hear and determine all Avoidance Actions and Causes of Action which may be brought by ATLT,
- (m) To hear and determine all disputes relating to Section 10.12 of the Plan including, but not limited to, disputes relating to the validity and enforcement of Buyer's liens on the Non-Transferred Assets and the entering, implementing, and/or enforcing of such orders and/or injunctions as may be appropriate hereunder. Buyer shall have standing to assert claims or actions which are in any way related to or arising out of or based on or in any way connected with this provision, the Plan (including without limitation, Section 10.12 of the Plan) and the Purchase Agreement
- (n) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code,
- (o) To hear and determine matters concerning the Disputed Claims Reserve,
- (p) To hear any other matter not inconsistent with the Bankruptcy Code, and
- (q) To enter a final decree closing the Chapter 11 Cases

M. MODIFICATION, REVOCATION OR WITHDRAWAL OF PLAN

Subject to the limitations contained in the Plan and the Purchase Agreement (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to alter, amend or modify the Plan prior to the entry of the Confirmation Order, provided, however, that any material alteration, amendment or modification of the Plan shall be subject to (i) the consent of the Creditors Committee, which shall not be unreasonably withheld, and (ii) the written consent of the Buyer, and (b) after the entry of the Confirmation Order, the Debtors, ATLT, the Reorganized Subsidiaries or Reorganized STFI, as the case may be, may (in each case with the consent of the Creditors Committee and the Senior Lenders, which consent may not be unreasonably withheld, delayed or conditioned by either the Creditors Committee or the Senior Lenders), upon order of the Bankruptcy

Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date with the prior written consent of the Buyer, unless the Purchase Agreement shall have been terminated. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall constitute or be deemed a waiver or release of any claims by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors.

VI. SHARED TECHNOLOGIES ALLEGIANCE, INC.

A. THE REORGANIZATION OF SHARED TECHNOLOGIES ALLEGIANCE, INC.

Reorganized STFI shall continue to exist after the Initial Effective Date as a separate legal Entity, with all powers of a corporation under the laws of the State of Delaware, and without prejudice to any right to alter or terminate such existence (whether by merger, acquisition, or otherwise) under the laws of the State of Delaware. Except as otherwise provided in the Plan or any related document, on and after the Initial Effective Date, the STFI Assets shall vest in Reorganized STFI free and clear of all Claims and Liens. On and after the Initial Effective Date, Reorganized STFI may operate the STFI Assets and may use, acquire or dispose of the STFI Assets without the supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

1. Issuance of New Securities. On the Initial Effective Date, Reorganized STFI shall issue all securities, notes, instruments, certificates, and other documents of Reorganized STFI required to be issued pursuant to the Plan, including, without limitation, the New STFI Common Stock, which shall be distributed to ATLT for the benefit of Holders of Allowed ATLT B Certificates in accordance with Sections 3.4(a) and 3.5(a) of the Plan.

2. New Certificate of Incorporation and New By-laws. On or immediately prior to the Initial Effective Date, STFI will file its New Certificate of Incorporation with the Secretary of State for the State of Delaware in accordance with the relevant sections of the corporate laws of the State of Delaware. After the Initial Effective Date, Reorganized STFI may amend and restate its New Certificate of Incorporation and other constituent documents as permitted by the laws of the State of Delaware. The New Certificate of Incorporation will prohibit the issuance of nonvoting equity securities.

3. Directors and Officers of the Debtors and Reorganized STFI. Subject to section 1129(a)(5) of the Bankruptcy Code, the directors and officers of Reorganized STFI shall resign as of the Initial Effective Date. As of the Initial Effective Date, the initial board of directors of Reorganized STFI shall be appointed by the Creditors Committee and in accordance with Reorganized STFI's New Certificate of Incorporation. Pursuant to section 1129(a)(5), the Creditors Committee will disclose, on or prior to the Confirmation Date, the identity and affiliations of any Person proposed to serve on the initial board of directors of Reorganized STFI. To the extent any such Person is an "insider" under the Bankruptcy Code, the nature of any compensation for such Person will also be disclosed. Each such director and officer shall serve from and after the Initial Effective Date pursuant to the terms of the New Certificate of Incorporation and other constituent documents of Reorganized STFI.

4. Corporate Action. As of the Initial Effective Date, the adoption and filing of the New Certificate of Incorporation, the approval of the New By-laws, the appointment of directors and officers for Reorganized STFI, and all actions contemplated hereby shall be deemed to be authorized and approved in all respects (subject to the provisions of the Plan). All matters provided for in the Plan involving the corporate structure of Reorganized STFI, and any corporate action required by the Debtors or Reorganized STFI in connection with the Plan, shall be deemed to have occurred and shall be in effect, pursuant to applicable law, without any requirement of further action by the

security holders or directors of the Debtors or Reorganized STFI. On the Initial Effective Date, the appropriate officers of Reorganized STFI and members of the board of directors of Reorganized STFI are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of Reorganized STFI.

5. Working Capital On the Initial Effective Date, to provide Reorganized STFI with the working capital to operate the STFI Assets on a going-forward basis and, to the extent applicable, to fund any obligations under Section 4980B of the Internal Revenue Code to provide continuation of group medical coverage with respect to any employee or former employee employed by or in connection with any of the Debtors or other qualified beneficiary, the Debtors shall deposit Cash in an amount equal to the STFI Cash Amount into a bank account of Reorganized STFI or allow Reorganized STFI to retain Cash in its bank accounts equal to the STFI Cash Amount. Reorganized STFI shall not be funded with Cash provided under the Operating Agreement to fund the Non-Transferred Assets set forth in the Purchase Agreement and such Cash shall at all times be held in separate bank accounts from Cash used to fund Reorganized STFI and ATLT.

VII. CONFIRMATION AND CONSUMMATION PROCEDURE

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan.

A. THE CONFIRMATION HEARING

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on _____, 200__, commencing at __ 00 __ m, prevailing Eastern Time, before the Honorable Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. *Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or number of shares of Common Stock held by the objector.* Any such objection must be Filed with the Bankruptcy Court and served upon the Persons designated in the notice of the Confirmation Hearing, in the manner and by the deadline described therein. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

B. CONDITIONS PRECEDENT TO EFFECTIVENESS

1. Conditions Precedent to Confirmation The Plan shall not be confirmed by the Bankruptcy Court unless and until the following conditions shall have been satisfied or waived pursuant to Section 9.3 of the Plan:

(a) The Confirmation Order, in form and substance reasonably acceptable to the Debtors, the Senior Lenders, the Creditors Committee and, if applicable, the Buyer, shall have been entered by the Bankruptcy Court and shall have become a Final Order. Without limiting the generality of the foregoing, the Confirmation Order shall be in accordance with the terms and conditions of the Purchase Agreement, including but not limited to Section 6.3(a) of the Purchase Agreement.

(b) All actions, documents, instruments, and agreements, including the New Certificate of Incorporation, the New By-laws, each of the other Plan Documents and the Transaction Documents (as defined in the Purchase Agreement) necessary to implement and effectuate the Plan and the Purchase Agreement shall have been taken or executed and delivered, as the case may be.

(c) The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement and effectuate the Plan and the Purchase Agreement.

(d) If applicable, each of the conditions to Closing under the Purchase Agreement shall have been satisfied or waived in accordance with the provisions thereof

(e) The Closing under the Purchase Agreement shall occur prior to or simultaneously with the effectiveness of the Plan.

2. Effect of Failure of Conditions In the event that one or more of the conditions specified in Section 9.1 of the Plan have not occurred or been waived on or before the date that is one (1) year after the Confirmation Date but subject to the terms and conditions of the Purchase Agreement (including, without limitation, the Early Closing Election rights of the Buyer thereunder) (a) the Confirmation Order shall be vacated, (b) no Distributions under the Plan shall be made, (c) the Debtors (with respect to their rights in connection with Claims and Equity Interests) and all Holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, provided, however, that such restoration shall not restore liens held by any Entity against the Acquired Assets and shall not affect the assumption or assignment of any Assumed Contracts or the cure amounts associated with such assumption or assignment, and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors

3. Waiver of Conditions The Debtors, with the consent of the Creditors Committee and XO, if applicable, which shall not be unreasonably withheld, may waive one or more of the conditions precedent set forth in Section 9.1 of the Plan

C. CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (i) accepted by all Impaired classes of claims and equity interests or, if rejected by an Impaired class, that the plan "does not discriminate unfairly" and is "fair and equitable" as to such class, (ii) feasible and (iii) in the "best interests" of creditors and stockholders that are Impaired under the plan.

1. Acceptance Classes 1, 2 and 3 under the Plan are Unimpaired and, therefore are conclusively presumed to have voted to accept the Plan. Classes 4 and 5 under the Plan are Impaired under the Plan and are entitled to vote to accept or reject the Plan. Classes 6 and 7 under the Plan shall receive no Distribution under the Plan and, therefore, is conclusively presumed to have voted to reject the Plan.

The Debtors reserve the right to supplement and amend the Plan in accordance with Section 12.4 of the Plan or seek nonconsensual confirmation of the Plan under section 1129(b) of the Bankruptcy Code or both with respect to any Class of Claims that is entitled to vote to accept or reject the Plan, if such Class rejects the Plan. The determination as to whether to seek confirmation of the Plan under such circumstances will be announced before or at the Confirmation Hearing.

2. Unfair Discrimination and Fair and Equitable Tests To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each Impaired, nonaccepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." The Bankruptcy Code establishes "cram down" tests for secured creditors, unsecured creditors and equity Holders, as follows:

(a) Secured Creditors Either (a) each Holder of an Impaired Secured Claim retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (b) each Impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim or (c) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (a) or (b) above.

(b) Unsecured Creditors Either (a) each Holder of an Impaired Unsecured Claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (b) the Holders of claims and equity interests that are junior to the claims of the dissenting class will not receive any property under the plan

(c) Equity Interests Either (a) each Holder of an equity interest will receive or retain under the plan property of a value equal to the greater of the fixed liquidation preference to which such Holder is entitled, or the fixed redemption price to which such Holder is entitled or the value of the interest or (b) the Holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan

A plan of reorganization does not “discriminate unfairly” with respect to a nonaccepting class if the value of the cash and/or securities to be distributed to the nonaccepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the nonaccepting class

3. Feasibility Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the Plan is not likely to be followed by the liquidation or further financial reorganization of the Debtors (unless such liquidation or reorganization is proposed by the Plan) For purposes of determining whether the Plan meets this requirement, the Debtors analyzed their ability to meet their obligations under the Plan The Debtors believe that they will be able to meet their obligations under the Plan

4. Best Interests Test With respect to each Impaired Class of Claims or Equity Interests, confirmation of the Plan requires that each Holder of a Claim or Equity Interest either (a) accept the Plan or (b) pursuant to the Plan, receive or retain property of a value, as of the Initial Effective Date, that is not less than the value such Holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code To determine what Holders of Claims and Equity Interests in each Impaired Class would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount that would be available for distribution following a hypothetical liquidation of the Debtors’ assets and properties in the context of a chapter 7 liquidation case The Cash amount that would be available for satisfaction of Claims and Equity Interests would consist of the proceeds resulting from the disposition of the unencumbered assets and properties of the Debtors, augmented by the unencumbered Cash held by the Debtors at the time of the commencement of the liquidation case Such Cash amount would be reduced by the costs and expenses of liquidation and by such additional administrative and priority claims that might result from the termination of the Debtors’ business and the use of chapter 7 for the purposes of liquidation

The Debtors’ costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other professionals that such a trustee might engage In addition, claims would arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases The foregoing types of claims and other claims that might arise in a liquidation case or result from the pending Chapter 11 Cases, including any administrative claims and unpaid expenses incurred by the Debtors during the Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants for the Debtors and the Creditors Committee, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition Claims

To determine if the Plan is in the best interests of each Impaired class, the present value of the distributions from the proceeds of a liquidation of the Debtors’ unencumbered assets and properties, after subtracting the amounts attributable to the foregoing claims, must be compared with the value of the property offered to such Classes of Claims under the Plan

After considering the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter 11 Cases, including (a) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (b) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the “forced sale” atmosphere that would prevail and (c) the substantial increases in claims that would be satisfied on a priority basis or on parity with creditors in the Chapter 11 Cases, the Debtors have

determined that confirmation of the Plan will provide each Holder of an Allowed Claim with a recovery that is not less than such Holder would receive pursuant to the liquidation of the Debtors under chapter 7

The Debtors also believe that the value of any distributions to Allowed Claims in Classes 4 and 5 in a chapter 7 case would be less than the value of distributions under the Plan because such distributions in a chapter 7 case would not occur for a substantial period of time. It is likely that there would be a substantial delay between the completion of any liquidation of the distribution of the proceeds thereof

The Liquidation Analysis is annexed hereto as Exhibit I. The information set forth in Exhibit I provides a summary of the liquidation values of the Debtors' assets, assuming a chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Debtors' estates. Reference should be made to the Liquidation Analysis for a complete discussion and presentation of the Liquidation Analysis. The Liquidation Analysis was prepared by the Debtors with the input of their professional advisors.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis also is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected might not be realized if the Debtors were, in fact, to undergo such a liquidation. The chapter 7 liquidation period is assumed to be a period of one year, allowing for, among other things, the discontinuation and wind-down of operations, the sale of assets and the collection of receivables.

D. CONSUMMATION

1. Consummation on Initial Effective Date. The Plan shall become effective with respect to (i) ATI, (ii) ATCW, and (iii) any Subsidiary that does not hold or constitute a Non-Transferred Asset, after the following conditions have been satisfied or waived pursuant to Section 9.4 of the Plan:

(a) The Confirmation Order, in form and substance reasonably acceptable to the Debtors, the Senior Lenders, the Creditors Committee and, if applicable, the Buyer, shall have been entered by the Bankruptcy Court and shall have become a Final Order. Without limiting the generality of the foregoing, the Confirmation Order shall be in accordance with the terms and conditions of the Purchase Agreement, including but not limited to Section 6.3(a) and 6.3(b) of the Purchase Agreement.

(b) All actions, documents, instruments, and agreements, including the Certificates of Incorporation and By-laws of Reorganized STFI, each of the other Plan Documents and the Transaction Documents (as defined in the Purchase Agreement) necessary to implement and effectuate the Plan and the Purchase Agreement shall have been taken or executed and delivered, as the case may be.

(c) The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement and effectuate the Plan and the Purchase Agreement.

(d) If applicable, each of the conditions to Closing under the Purchase Agreement shall have been satisfied or waived in accordance with the provisions thereof.

(e) The Closing (including the Early Funding Date) under the Purchase Agreement shall occur prior to or simultaneously with the effectiveness of the Plan.

2. Consummation on NTA Effective Date. With respect to each Subsidiary that holds or constitutes a Non-Transferred Asset, the Plan shall become effective after the following conditions have been satisfied or waived pursuant to Section 9.4 of the Plan:

(a) The Initial Effective Date shall have occurred.

(b) All actions, documents, instruments, and agreements, including the Certificates of Incorporation and By-laws of the Reorganized Subsidiaries that hold or constitute Non-Transferred Assets, each of the other Plan Documents and the Transaction Documents (as defined in the Purchase Agreement) necessary to implement and effectuate the Plan and the Purchase Agreement with respect to the Non-Transferred Assets shall have been taken or executed and delivered, as the case may be

(c) The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement and effectuate the Plan and the Purchase Agreement with respect to the Non-Transferred Assets

VIII. VALUATION

A. VALUATION OF THE DEBTORS

The valuation analysis with respect to value of the Debtors for the purpose of determining value available for distribution to creditors pursuant to the Plan and to analyze the relative recoveries to creditors is based on the Purchase Price (as defined in the Purchase Agreement)

B. VALUATION OF SHARED TECHNOLOGIES ALLEGIANCE, INC.

The Debtors have undertaken their valuation analysis with respect to STFI for the purpose of determining value available for distribution of the New STFI Common Stock to Holders of Allowed Claims pursuant to the Plan and to analyze the relative recoveries to Holders of Allowed Claims thereunder. A chart reflecting the enterprise value of STFI is attached hereto as Exhibit J

The reorganization value of STFI reflects the going concern value of STFI's business after giving effect to the implementation of the Plan. In determining this value, Greenhill evaluated various valuation methodologies, including a (i) discounted cash flow analysis ("DCF"), (ii) comparable company trading analysis, (iii) comparable transaction analysis and (iv) liquidation analysis. Although the Debtors conducted a review and analysis of their business, operating assets, liabilities and business plans for STFI, the Debtors assumed and relied on the accuracy and completeness of all (a) financial and other information furnished to it by the Debtors' management and (b) publicly available information. The Debtors did not independently verify management's projections in connection with such valuation and no independent evaluations or appraisals of the Debtors' assets were sought or were obtained in connection therewith.

The Debtors' valuation of STFI is based on the assumption that the operating results anticipated by management can be achieved in all material respects, including revenue growth improvements in operating margins, earnings, and cash flow. To the extent that the valuation is dependent upon Reorganized STFI's achievement of the projections contained in the Disclosure Statement, the valuation should be considered speculative. In addition to relying on management's projection assumptions, STFI's valuation analysis is based on a number of assumptions including, but not limited to: (i) a successful and timely reorganization of STFI's capital structure, (ii) the plan becoming effective in accordance with its proposed terms, and (iii) the continuity of certain operating management of STFI following consummation of the Plan.

Because of the nature of the comparable transaction analysis and lack of applicability of the liquidation analysis, Greenhill deemed these analyses as not applicable, and therefore, relied most substantially on the DCF and comparable company trading analysis. In performing the DCF analysis, Greenhill calculated free cash flow based on the Debtor's 2004 STFI financial projections and applied certain free cash flow and growth assumptions going forward following consultation with the Debtors. Greenhill assigned a terminal value growth rate of 3.0% and a discount rate range of 12.5% to 15.5%. In performing the comparable company trading analysis, Greenhill evaluated various comparable companies on an enterprise value to revenue and EBITDA basis and based on this analysis, applied the appropriate multiples to STFI 2004 projected revenue and EBITDA. Based on the aforementioned assumptions and Greenhill's analysis, the Debtors estimate the reorganization value of STFI for purposes of the Plan to be approximately \$35 million to \$45 million, with a midpoint value of \$40 million. The